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SUBJECT: MOSTLY POSITIVE REACTIONS TO FTA CONFERENCE

REF: A. MANAMA 326
[B. MANAMA 314](#)
[C. MANAMA 305](#)

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Summary

[¶1.](#) (SBU) The February 27 conference on "Free Trade in the Middle East," attended by Commerce Secretary Gutierrez, Bahraini Minister of Industry and Commerce Fakhro, and Jordanian Minister of Industry and Trade Zubi, publicized the benefits of the U.S.-Bahrain free trade agreement (FTA) and brought together some 400 American and regional business people to discuss business. Widespread media coverage of the event and Secretary Gutierrez's press roundtable was uniformly positive. Bahraini business people, in discussions with EmbOffs, had mostly positive reactions to the conference. Those familiar with doing business in the United States and the West were the most optimistic, saying the FTA would boost their business relations with American companies.

A textiles manager said he would pursue partnerships with Jordanian companies, who are already familiar with the provisions of their FTA with the U.S. Others thought the agreement would boost Bahrain as an investment destination. Those business people unaccustomed to doing business with the United States are looking for government assistance and guidance in taking advantage of the FTA. End Summary.

Positive Headlines About FTA Conference

[¶2.](#) (SBU) Commerce Secretary Gutierrez, Bahraini Minister of Industry and Commerce Hassan Fakhro, and Jordanian Minister of Industry and Trade Sharif Zubi headlined the February 27 conference on "Free Trade in the Middle East." Some 400 attendees, including over 100 American company representatives, heard senior government officials and business leaders discuss ways to benefit from the U.S.-Bahrain FTA and participated in the five breakout sessions on key industry sectors. The widespread press coverage of the event and Secretary Gutierrez's press roundtable was uniformly positive, with the media focusing on the unique nature of the conference and speakers' calls for business people to take advantage of the FTA.

[¶3.](#) (SBU) In conversations with EmbOffs, Bahraini business people's reactions to the conference were mostly positive. Those who are already doing business with American and Western companies see immediate benefits and are looking to expand their trade with the U.S., while those unfamiliar with American or European markets continue to look for government guidance on next steps. Yusuf Mashaal, General Manager of Mashaal Chemical Industries, told EmbOff that he found the conference to be very useful. He had productive discussions with an American company representative about the possibility of manufacturing patented chemical products on behalf of the American firm for delivery to clients in the region. He commented that Bahrain brings a lot of expertise and experience in the chemicals and petrochemicals industries, more so than Jordan, for example, which also has an FTA with the U.S.

Opportunities in Luxury Goods, Textiles

[¶4.](#) (SBU) Ali Abdul Hussein, Marketing Director for Al Shaikh Design Company, a manufacturer of high-end perfumes, said that his company is already exporting to the U.S. but the price benefits that will come as a result of the FTA tariff exemption should boost his sales in the U.S. Similarly, Abdulla Al Hawaj and Jawad Al Hawaj, both executives with the Al Hawaj chain selling branded luxury items, believe the FTA

will allow them to sell more American products. Even without the FTA, American products are less expensive than competing French, Spanish, and German goods, and with the removal of customs duties, the price gap will increase. Jawad Al Hawaj said his company had recently signed deals with Donna Karan New York and Calvin Klein to stock their products.

15. (SBU) The operations director of Manama Textiles Company, which is already a big clothing exporter to the U.S., said the FTA will help his company compete with lower cost producers around the world. He was interested in taking advantage of provisions of the agreement dealing with clothing and apparel manufactured from American cloth. He also was interested in partnering with Jordanian textile companies that were experienced in working under the provisions of the U.S.-Jordan FTA. Bahrain-based attorney Qais Zubi (who is the cousin of Jordanian Minister Zubi) said that Jordan and Bahrain should organize delegations to learn from each other and develop joint ventures to benefit from the FTA.

Bahrain As An Investment Destination

16. (SBU) Other conference participants hoped the FTA would serve to promote Bahrain as an investment destination. Ahmed Al Jawahery, Director of Middle East Trading and Engineering, remarked that the large turnout for the conference reflected increased interest among Bahraini and American business people in the FTA. Although Bahrain itself is a small market, it can act as a regional hub. He thought the FTA "puts Bahrain on the map" along with other global commercial centers as an investment destination. Malik Al Ghanem, Regional Director of Yousif bin Ahmed Kanoo, told Emboff that his company wants to establish a joint venture with an American company in the logistics field. He is negotiating with several firms already. He commented that for American companies coming to the region for the first time, Bahrain offers many advantages, including easy access to the large Saudi market.

Some Need Guidance, Support of Governments

17. (SBU) Ahmed Al Tahoo, owner of Al Tashel Jewelry, and Mohan Kumar, General Manager of the Bahrain Import-Export Company, were disappointed that no American companies in their business sectors - jewelry, consumer products, electronics, and home appliances - attended the conference. They are interested in importing American products but are unsure how to make contact with appropriate companies. (Note: The Embassy Commercial Section is assisting.)

18. (SBU) Abdul Rahman Al Moayyed, a director at YK Al Moayyed and Sons, one of the largest family conglomerates in Bahrain, told Emboff that he had hoped the conference would discuss the technical aspects of the FTA. Instead, the conference served as "a marketing campaign" but offered nothing tangible. Greater focus on the practical aspects of the FTA would have resulted in more deal making because the parties would better understand what they have to gain. As far as enhancing relations between the U.S. and Bahrain, the agreement was already successful even though it had not yet entered into force. Saeed Radhi, owner of Al Sharq Aluminum Company, complained that the conference did not address techniques and strategies for finding markets in the U.S. He thought the Bahraini government should create an advisory body to assist manufacturers expand exports to the U.S. market.

Comment

19. (SBU) The FTA conference succeeded on many levels -- widespread media coverage of Secretary Gutierrez's visit, focus on the benefits of the FTA to business people, promotion of American exports and investments, and building awareness of the positive role the United States plays in the region. Those Bahraini business people already familiar with American or other Western markets are most at ease with the concept of the FTA and understand how to benefit from it. They see the FTA as a means to expand the business they are already doing with the U.S. Those unfamiliar with Western markets are looking for something to grasp onto -- more details about the agreement, more explanation of the benefits, or a government advisory body to identify business opportunities. The message of the conference was that governments had negotiated the agreement, but it was up to business people to realize the benefits. The savvy business people are proactively making deals and establishing relationships, while others wait to be led to opportunities.